



Drawback Simplification Newsletter

Trade Facilitation and Trade Enforcement Act of 2015

Section 906

April 2017

Background

On February 24, 2016, the president signed the [Trade Facilitation and Trade Enforcement Act of 2015](#), strengthening the U.S. Customs and Border Protection's (CBP) ability to enforce U.S. trade laws and regulations, streamline and help move legitimate trade and interdict non-compliant trade.

The act includes a sweeping "game-changer," for the CBP drawback program, providing many, significant improvements to the drawback laws under 19 U.S.C. § 1313, long-sought over the past decade by both CBP and the trade. Section 906, *Drawback and Refunds*, of the act goes far to strengthen the laws and CBP's ability to more accurately and objectively administer drawback.

Updates

On April 13, CBP held a teleconference with the drawback subcommittee to discuss Drawback One and TFTEA Drawback deployment in ACE and the budget. CBP will continue these teleconferences bi-weekly with the subcommittee to keep the trade informed.

Transition Period

- By easing, streamlining and simplifying drawback operations, the act will expand claims, amounts of duty, taxes filed to CBP along with refunded fees.
- CBP has two-years after the act takes effect on Feb. 24, 2018 to enforce the new law which applies to claims filed on or after that date. Until then, file claims under the laws before the act.
- The act provides an additional one-year transition period, from Feb. 24, 2018 to Feb. 23, 2019, where claimants may elect to file new claims under the existing, pre-act or act regulations. As of Feb. 24, 2019, at the end of that one-year transition period, all claims then must be filed according to the act.

What's Changing?

- **EIGHT-DIGIT HTSUS / SCHEDULE B SUBSTITUTION STANDARD** – The act redefines "substitution" of exported goods for imports by moving from the current part number-based classification to the more objective eight-digit Harmonized Tariff Schedule of the United States or export schedule B number. Line number validations will be used.
- **DRAWBACK REFUNDS** – Under current drawback rules, claim refunds are limited up to 99 percent of only the duties paid on the imported merchandise, without recovering taxes and fees. The act now evenly allows refunds for 99 percent of duties, taxes and imported merchandise fees for all drawbacks.
- **ELECTRONIC FILING** – Two years after enactment, all claims must be filed electronically. This will greatly reduce the current burdensome manual claim processing required of both CBP and the trade.
- **DRAWBACK RECORDKEEPING** – Currently, supporting drawback records must be kept for three years from the date the claim is paid, but under the act, they must be kept for three years from the claim's liquidation date.
- **DRAWBACK FILING** – Current regulations set different times for filing and recordkeeping. The time between the import and export documents is three years, but eventually customs will require claims

submitted no later than three years from the export date. Under the act, that window is now five years from the import date to file claims for that import.

- **SUPPORTING, TRANSFER DOCUMENTS** – Currently under 19 U.S.C. § 1313(j) (2) a Certificate of Delivery is a required part of a claim when an importer transfers merchandise to the claimant or a manufacturer who relied on the merchandise submits a claim. The act eliminates the Certificate of Delivery, relaxing transfer documentation rules stating “business records kept in the normal course of business” will be enough to show merchandise transfers.

More Information:

Look for the Drawback Newsletter on this site. We intend to update this information every month. Please email OTDrawback@cbp.dhs.gov if you have any questions.

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